



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Cedar City Field Office

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*M/001/045
S/001/058

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DIV OF OIL, GAS & MINING

In Reply Refer To:

UT-042

3809: UTU-72232

UTU-79716

March 18, 2003

Mr. D Wayne Hedburg
Permit Supervisor, Regulatory Program
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Hedburg:

This letter is in regard to Gemstone Mining Inc.'s (GMI) Red Emerald Mine located in the southern Wah Wah Mtns., Beaver County, Utah. The mine site is located entirely on BLM-managed lands administered through the Cedar City Field Office. The mine was permitted as a large mine under State of Utah, Division of Oil, Gas, and Mining (DOGM) rules (file number M/001/045), and as a plan of operations under BLM regulations (file number UTU-72232). Reclamation of the mine site was initiated in late 2001, with the understanding that reclamation of certain features would be deferred pending approval of a proposed new plan of operations for portions of the upper mine area by Red Emerald Inc. (REI). REI submitted a plan of operations to this office in December, 2001 (BLM file number UTU-79716, DOGM File S/001/058). Through letter dated February 6, 2003, a copy of which was sent to your staff, this office approved the REI plan of operations, subject to the submission of a financial guarantee in the amount of \$24,300 to secure reclamation of the disturbances proposed under the plan. On February 27, 2003, REI submitted the required financial guarantee, in the form of a certificate of deposit, to the BLM Utah State Office. On March 10, 2003, the BLM Utah State Office notified REI by Decision Letter (copy enclosed) that their financial guarantee was acceptable.

In a letter dated January 22, 2003, I directed GMI to re-seed all of the re-contoured and topsoiled areas of the Red Emerald mine site that had been initially seeded in January, 2002. These areas had failed to re-vegetate with desirable species due to drought conditions. GMI was asked to re-rip the topsoiled areas in preparation for the re-seeding and, wherever possible, to re-rip these areas on contour to lessen the likelihood of stormwater events gullyng and removing topsoil from the site. That letter also directed GMI to postpone reclamation of the mine gate, the mine access road from the mine gate to the upper mine area, and the mine office structure and adjacent working pad pending receipt of a satisfactory replacement bond to secure reclamation of these disturbances by REI.

During March 3-6, 2003, GMI, through their designated reclamation contractor (Construction and Mining Services of Cedar City), accomplished the re-seeding of the mine site. I conducted one inspection of the site while the re-seeding was underway, and another after the re-seeding was completed. The inspections confirmed the work had been performed as directed by BLM and DOGM. Provided the site receives the necessary moisture for seed germination and growth, satisfactory re-vegetation of the site can be expected.

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